

0XC-0032
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September 16, 1959

Joe:

As discussed during our recent meeting at your office, we are pleased to submit the attached proposal for the continuation of the work under Contract OM-5400. We would suggest that Part I of the Schedule, "Contract Work", be changed to add the following subparagraphs:

- g. Provide on or before 21 October 1959 a proposal and cost estimate for a long range program.
 - h. Provide on or before 30 October 1959 a technical report on items i. through o. inclusive.
 - i. Consultation with vehicle contractor, film manufacturer, and others as required.
 - j. For specific systems, determine window's optimum thermal and optical configuration, and limits imposed by configuration.
 - k. Obtain quantitative data on aerial scene structure.
 - l. Test breadboard V/H sensor on simulated targets.
 - m. Analyze film properties pertinent to system selection and design.
 - n. Test film transport methods, stabilization methods, etc., as pertinent to system selection and design.
 - o. Initiate overall system designs including optical ray traces to establish feasibility, and mechanical layouts and models to assure compatibility with vehicle.
- We would suggest that the expiration date in Part II, "Period of Performance", be amended to read "31 October 1959".

STATINTL

We feel that under Part III, "Estimated Cost and Fixed Fee", the estimated

The attached cost breakdown is our estimate covering the period 1 September 1959 through 31 October 1959.

Attachment "A" indicates one basis upon which we have figured our fee for the period ending September 15. The first two lines on Attachment "A" indicate the

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figures submitted in our May 5 and May 27 proposals. The fourth line indicates the figures upon which the contract was finally definitized, the breakdown between labor, material, and travel having been prorated from the total of the first two lines. The fifth line indicates our actual cost through August 28. The sixth line indicates our estimated cost from August 28 through September 15, and the seventh line indicates the total estimated cost through September 15. Using the ratio of labor, material, and travel to the total estimated cost based on the contract (line 4), we can arrive at percentages of these cost elements to total cost. By estimating the amount of work actually accomplished through September 15, as compared to that called for in the work statement, we can arrive at a percentage of completion. We estimate that 90% of the work involved in the labor category was completed and that the material and travel categories were completed in a direct ratio to the costs incurred. Line 9 indicates the percentage contribution of labor, material, and overhead to the actual completion of the work called for in Part I of the Schedule. This total comes out to [REDACTED] which, multiplied by the [REDACTED] fee presently on contract, equals [REDACTED]

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Attachment "B" indicates the percentage of the total work which each item under Part I of the Schedule represents together with each item's percentage completion and the weighted percentage for each item. On this basis the completion of the work comes out to [REDACTED] which, multiplied by the [REDACTED] fee presently on the contract, equals [REDACTED]

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The close agreement between the above two methods of figuring the work completed through September 15 leads us to feel that a fair and equitable fee would be [REDACTED] for the work through September 15 plus [REDACTED] for the work to be accomplished from September 15 through October 31.

STATINTL

Attachment "C" shows the estimated cost at September 15 from Attachment "A". The cost at completion (the costs through August 28 plus the estimated cost to complete from the cost breakdown) and the cost to complete from September 15.

Attachment "C" also indicates the fee on the cost to complete from September 15 on, the fee for the work done through September 15 (from Attachment "A"), the total fee, and the total estimated cost plus the fee.

Charlie

CMH:pma

Enc.

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ATTACHMENT "B"

<u>Item</u>	A	B	<u>AxB</u>
	<u>% of Total</u>	<u>% Completed</u>	
a	30%	100%	30%
b	5%	100%	5%
c	10%	100%	10%
d	10%	100%	10%
e	35%	80%	28%
f	10%	0	0
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			83%

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